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In Reply Refer To: 10Q

March 7, 2001

UNDER SECRETARY FOR HEALTH'S INFORMATION LETTER

**HEALTH CARE CONTRACTS ADDRESS QUALITY AND SAFETY
FOR ALL VETERANS**

1. The Veterans Health Administration (VHA) has an ethical and operational imperative to ensure that all veterans receive consistent, safe, high-quality care regardless of the Department of Veterans Affairs' (VA) financial relationship with the provider (e.g., employee, academic affiliate, or contractual) or delivery site (VA or non VA). This principle of a single standard of care governs patient care relationships with non-VA delivery sites and non-VA providers, and needs to be succinctly articulated in documents defining these relationships. Evidence of compliance with this single standard of care is construed as provision of care consistent with the prevailing VA national clinical performance standards and safety policies. Input of clinicians relevant to a particular contract throughout the procurement process is essential.
2. In today's complex health care setting, VA's need to obtain necessary health care services for veterans, through contractual relationships, has increased. Considering this trend, VA is charged with ensuring that the same quality and safety standards are applied to both direct VA-provided care, as well as care provided to veterans on a contractual basis. In addition, VA Appropriations Bill 2001 contains the requirement that VA report within 90 days of enactment, "... how it will ensure appropriate patient safety measures are implemented by facilities it contracts with for medical care." From an operational perspective, the strategic advantage of consistent contractual requirements streamlines contract oversight as well as confers a bargaining advantage at facility and network levels.
3. All contracts for health care services need to be adequately planned with defined responsibilities for an Acquisition Planning Team and the Contracting Officer's Technical Representative (COTR).
4. For each acquisition, the contracting officer needs to assemble a team of experts to assist in requirements determination, contract strategy, and source selection. An Acquisition Planning Team typically consists of clinicians, quality assurance, legal and other technical personnel. The VA contracting staff solicits input of clinicians relevant to a particular contract throughout the procurement process. Clinicians play a significant role in establishing the criteria for award in the source selection plan (evaluation factors for award), evaluating technical proposals, and in evaluating providers during the course of performance.

5. The COTR is a critical member of the Acquisition Planning Team. The selected COTR needs to have expertise relevant to the services being provided to monitor the performance of contract requirements and to evaluate quality assessment data in the particular clinical area subject to contract requirements. The COTR advises the contracting officer on the appropriate weight to be given to source selection factors (other than price) in the evaluation of proposals.

6. Past performance is one of the factors which ordinarily makes up the evaluation of the solicitation. There are other technical evaluation factors in addition to past performance and price or cost. "Past performance" is defined by facts about an offeror's work, such as where and when it did work, who it did work for, and what methods it used; how relevant that experience is to the work at hand; and judgments about how well the offeror performed based on those observations (usually provided by references). A more direct way of defining past performance is that the facts, and relevance of those facts, make up the experience component of past performance and the judgments are how we evaluate those experiences.

7. The following factors need to be considered by facilities and Veterans Integrated Service Networks (VISN) in the formulation of contract requirements, rating factors, and/or to determine contractor responsibility:

- a. Mortality and morbidity data,
- b. Clinical outcomes,
- c. Access and timeliness of care,
- d. Patient satisfaction,
- e. Regulatory and accrediting standards,
- f. Reporting adverse events,
- g. Access to patient records,
- h. Credentialing and privileging, and
- i. Special patient populations. **NOTE:** *All solicitations need to include provisions requiring compliance with statutes and regulations applicable to special patient populations (e.g., the Americans with Disabilities Act).*

8. There are two key points to remember about the factors listed in the preceding paragraph. One, the factors may differ depending on whether the contracted services are provided within a VA facility or outside the VA facility. Second, the factors may differ depending on the type of contract services being solicited.

9. VHA Headquarters is developing an on-line template library of contract statements of work (SOW) to be maintained by the VHA Logistics Office (176). This library provides boilerplate clauses for health care contracts reflecting national clinical program policies.

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10. Questions concerning technical and/or contract issues in this Information Letter may be directed to Ron Bednarz, Director, VHA Logistics Office at 202-273-5680. Clinical questions may be directed to W. Mark Stanton, MD, Chief Consultant, Primary and Ambulatory Care Strategic Healthcare Group, Patient Care Services at 202-273-8558.

***NOTE:** A directive and handbook regarding health care contracts will be forthcoming, defining specific policy requirements, reporting requirements, periodic reviews, and process for requesting deviations.*

S/ Frances Murphy, M.D. for
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Under Secretary for Health

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